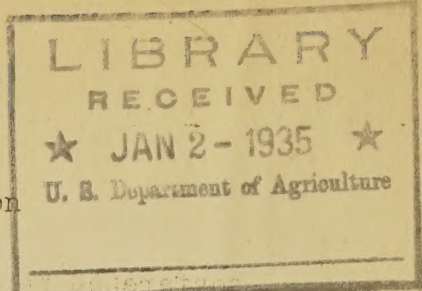


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DAIRY SECTION
Agricultural Adjustment Administration

MILK LICENSE MONITOR

December 14, 1934

FOREWORD

This is No. 1 of the MILK LICENSE MONITOR which will be sent to you each week. It is our hope that through the MILK LICENSE MONITOR we may keep you informed as to developments in other markets and in the Washington office.

A. H. Lauterbach
A. H. Lauterbach,
Chief, Dairy Section.

MILK MEN

Changes in market personnel have been few during the week. J. B. McCroskey was made Market Administrator for the Tulsa, Oklahoma, License to succeed A. W. Howard.

Robert Osborn was appointed Market Administrator for the Quad Cities of Iowa and Illinois to succeed Frank C. Baker, under whom he has been working for the past several months.

John Dunaway, Economist of this Section, spent the week at Kansas City in reviewing the license.

Administrative Officer Spofford and Investigator Gibbons of the Field Investigation Section were loaned to the Providence, Rhode Island license area for two weeks.

Charles Smith, Senior Marketing Specialist, and Paul Young, Regional Consultant, met with the Ohio Milk Commission and the Director of Agriculture of West Virginia in regard to a request for a License for the Steubenville-Wheeling area. Smith, Young and Market Administrator Flynn discussed the Cincinnati situation with the Ohio milk authorities. All agreed that for the present no action would be taken by the Federal Government in either place.

George Corrigan of the Field Investigation Section and Charles Smith are at Detroit endeavoring to complete the distribution to producers of about \$106,000 remaining in the equalization fund of the former or original license and agreement.

INTERSTATE RELATIONS

A conference was concluded at Washington wherein attorneys for cooperative associations and representatives of the Ohio Milk Marketing Commission and the Ohio Assistant Attorney General consulted on ways and means to coordinate State milk control legislation, present or pending, with the Federal legislation, as well as between States and groups of States. The AAA is not taking any advanced public position in this work. This will be left to the dairy interests and the co-operatives. The National Cooperative Milk Producers Federation is in full accord with the plan to get a compact into shape which States may enact uniformly, tying up their efforts with that of other States and the AAA. Be sure to remember that this work is not pushed by the AAA itself but that certain legal developments make it advisable to safeguard the producers by proper coordination. A study of the whole list of State laws has been carefully made by Charles Lyman of the Dairy Section and he has the subject well in hand.

The New Jersey Milk Control Board was represented at the headquarters here this week. They seek Federal aid in the control of interstate milk reaching their consumers. Nothing to report as yet.

BUTTER QUALITY WORK

At the request of Pacific and Rocky Mountain dairymen, Mr. Engbretson of the AAA Dairy Section has gone to Portland, San Francisco and Seattle to meet informally with groups to discuss new and improved State legislation on cream grading plus butter grade labeling through agreements. The Oregon law is taken as a model. A press release has been issued to explain it.

LEGAL DIGEST

In a recent broad digest of progress in legal activity, the Legal Division has said that no decision by any circuit court of appeals nor by the Supreme Court of the U.S. has thus far involved the constitutionality of any section of the AAA. In lower courts the constitutionality of the Sugar Act has been sustained and another decision upheld the processing tax section.

Decisions involving the licensing section of the Act (Section 8 (3)) have with two exceptions been based on the question of interstate commerce under the statute. One of the exceptions was the Chicago milk case where the lower Federal Court upheld the constitutionality of the section and the license issued under it.

Granting or refusing preliminary injunctions are the only cases involving license section so far. Nothing has gone as yet to higher courts. The only serious set-back was of course the seven cases involving the validity of milk licenses on the question of interstate commerce which were decided between July and November. In noting these, remember that all of them were on dairies that bought and sold all their milk

within the same state, and practically no milk was shipped into the State. Distinguish between such cases and the situation in markets like Boston and St. Louis, where a major part of the milk supply, although not all of it, originates outside the state where it is sold.

The Mellwood Dairy case at Louisville, wherein an injunction was sought by the company to restrain the Government, was dismissed by the court lately. It was purely a technical victory, however, not one involving claims which warrant pointing with pride.

AROUND THE MILKY WAY

Boston -- Market Administrator Samuel W. Tator.

Important proposed revisions in the Boston license will be discussed at call of the Administrator in his office on December 18. They involve changes in station charges, simpler methods of pool calculation, and proposals relative to new producers' bases. Conditions under which cooperative associations will be authorized to make deductions from payments to its members will be discussed, in view of the competitive situation in this regard at Boston.

Chicago - Market Administrator Frank C. Baker.

The blended price for delivered base for November was \$1.72. The average price was \$1.65 for the month, or 17 cents lower than for October, based on the reduction in the license schedule. The delivered base amounted to 110,658,334 pounds, and excess was 10,565,496 pounds. Sales amounted to Class 1, 75,700,716 pounds; Class 2, 23,718,799 pounds; Class 3, 21,804,315 pounds. The sales average daily was about 6 per cent below October average. Cream sales declined 11 per cent. The receipts of milk declined 8 per cent. Dealers going through the pool account were 222. Dealers continue to complain about their financial condition. Their margin is still among the lowest in the country.

Detroit - Market Administrator E. M. Bailey.

No milk shortage. Business is better. Some unrest evident over increase in price for November milk.

Muskegon - Market Administrator Leon Collier reports no new developments for the present.

Lansing, Battle Creek, Kalamazoo - Market Administrator Miner Cook.

Reports coming from 90 to 95 per cent of the Kalamazoo market and about 85 per cent of the milk is settled on the accounts. Show cause orders of Secretary Wallace eagerly watched for. The Morkle Dairy, a local violator at Kalamazoo, has appealed to newspapers for stating its side of the case, on the usual intrastate grounds. At Battle Creek report states that all dealers except Lakeview Dairy and most producer-distributors are reporting. About 90 per cent of the milk is settled for in the account.

Sioux City, Iowa - Market Administrator A. N. Eggen.

Sends price report but makes no market comments.

KINDLY GET YOUR WEEKLY REPORTS IN SO WE MAY FILL
OUT THE MILKY WAY WITH FACTS OF VALUE TO ALL.

Milk and Cream Prices for Week Ending December 14

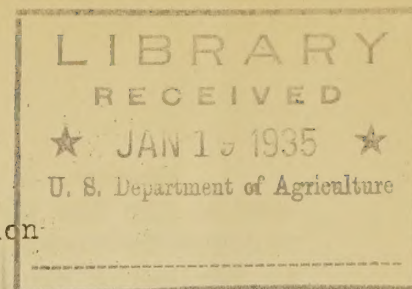
Markets	Standard Milk per Quart			Half Pints Cream (20-25 per cent)		
	Wholesale	Retail	Store Delivered	Whol.	Store	Del.
Boston	9 $\frac{1}{2}$ ¢	11¢	12¢			
Battle Creek	6 $\frac{1}{2}$ -8¢	8¢	10¢	10¢		12¢
Chicago	8 $\frac{1}{2}$ ¢	10¢	10¢	11 $\frac{1}{2}$ ¢	13¢	13¢
Flint	8 $\frac{1}{2}$ ¢	10¢	5-10¢	10¢	12¢	12¢
Fort Worth	9-10¢ raw 12¢ past.	10-12¢ raw 11-12¢ past.	10-12¢ raw 12¢ past.	10¢	12¢	12¢
Grand Rapids	8¢	10¢	10¢	10 $\frac{1}{2}$ ¢	12¢	12¢
Kalamazoo	6 $\frac{1}{2}$ ¢	7¢	8¢	6 $\frac{1}{2}$ ¢	7¢	8¢
Lansing		6¢	7-9¢			10¢
Louisville	10¢	11¢	12¢	12¢	14¢	14¢
Omaha	8¢	9-10¢	10¢	8¢	9-10¢	10¢
Phoenix	7-8¢	9-10¢	10-11¢	10¢	-	14¢
Sioux City	7¢		9¢	7¢		9¢
Tulsa	8¢	9¢	10¢	11¢	13¢	13¢
Wichita	7 $\frac{1}{2}$ -8¢	9-10¢	9-10¢	7-8¢	8-10¢	8-10¢

"DELINQUENTS"

We are sorry to list the following areas not heard from with their reports for December 14: Indianapolis, Fort Wayne, Los Angeles, Evansville, Lexington, Lincoln, Savannah, Denver, Richmond, Alameda County and San Francisco, Kansas City, Leavenworth, Topeka, St. Louis, Ann Arbor, Port Huron, Providence, Newport, Fall River and New Bedford.

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DAIRY SECTION
Agricultural Adjustment Administration



MILK MARKET NOTES

December 28, 1934

FOREWORD

Many Market Administrators have neglected to send in reports promptly. We must have these reports in our office for each week not later than the following Monday morning.

A handwritten signature in cursive script, reading "A. H. Lauterbach".

A. H. Lauterbach,
Chief, Dairy Section.

MILK MEN

The Designation of Mr. B. B. Derrick, Market Administrator, Baltimore, Maryland, was terminated December 15 and Mr. T. Howard Price was appointed in his place.

Mr. J. B. McCroskey was appointed Market Administrator for Wichita, Kansas, succeeding Mr. Max M. Morehouse.

Messrs. A. H. Lauterbach and E. W. Gaumnitz attended a meeting in Chicago of producers and distributors.

Mr. J. J. Murray met with producers and distributors at Pine Bluff, Arkansas and Jackson, Mississippi. As a result of the meeting at Pine Bluff the factions in the milk industry made an attempt to operate the milk business under a Marketing Agreement.

Mr. O. H. Hoffman, Jr. returned from the West Coast to begin the preparation of amendments to licenses and to report on conditions on the West Coast and Utah.

Mr. John A. Dunaway returned from a trip to the Southwest and to the Kansas City area.

Mr. James T. Cross, a special representative appointed by the Governor of the state of New York to study the milk problem, has been in Washington in consultation with members of this Section. He is making a thorough study of all regulations which have been issued by the Secretary for the control of fluid milk.

Messrs. E. M. Harmon, H. H. Erdman, and E. W. Gaumnitz were in Boston for the purpose of conferring with the Market Administrator and various factions in regard to obligations under the old license and in reviewing proposed changes in the present license.

Mr. Charles S. Smith met with the Ohio Milk Commission in an endeavor to solve the milk problems of the Steubenville-Wheeling area.

AROUND THE MILKY WAY

(Combined summary of reports for December 21 and 28)

Boston -- Market Administrator Samuel W. Tator

The State Milk Control Board is about to define the Greater Boston market as Sales Area No. 17 under the jurisdiction of the State Milk Control Board as far as prices to retail and wholesale trade are concerned.

Experience on base rating adjustments indicate that from May 1 to December 16 there were 876 or about 54 per cent out of 1,603 applications who got adjusted bases. Figuring the total farmers on the market it appears that the relation of adjustments to base is only 9.7 per cent. A decline in applications for adjustment is noted. On new producers' bases the report says that 163 bases out of 253 applications have been established. Such bona fide new producers get a base on 60 per cent of current production for three months, after which they get a temporary base on their production in those three months. At the end of 12 months they get a permanent base. An amended Boston license is awaited. Producer prices for December 1-15 period reported at \$2.473 on base milk and \$1.35 on excess within 191-200 mile zone and \$3.06 and \$1.41 on milk trucked to plants in the sales area.

Chicago -- Market Administrator Frank C. Baker.

Distributors have arranged an unofficial advisory committee, well representing metropolitan and outlying areas to cooperate with the license. Flow of milk in last 10 days has somewhat increased with a good run in December.

Davenport-Rock Island -- Market Administrator Robert Osborn.

One distributor and one producer-distributor have discontinued business through selling out. One dispute between dealer and producers has been settled locally. December volume of milk expected to hold up to November. Producers want higher prices because feed is scarce and costly. Dealers talking about 10-cent milk.

Des Moines -- Market Administrator W. O. Perdue.

Operation of license slowly improving after court set-back. Industry seems eager to comply and cooperate. Some smaller dealers holding back still. Producer-distributor amendments helped considerably.

Denver -- Market Administrator C. E. Hough

Attitude of the Denver Press has been favorable lately. Aside from some consideration of practical changes in the license, nothing new to report. No serious price wars or complaints evident. Mountain States Cooperator, organ of the Colorado Dairymen's Cooperative, reports that activity for State Control law is under way, aided by the National Cooperative Milk Producers Federation and others.

Detroit -- Market Administrator E. M. Bailey.

Distributors at special meeting on equalization payments said that they desired to see the license continued and they felt personal responsibility to do their share. Later at an executive session the dealers passed resolutions endorsing the license and pledging their support toward enforcement. Administrator firm in statements to dealers regarding any overdue payments, which he stated would not be tolerated or allowed to drift into a bad situation. Before that occurred the license would be discontinued. Mr. Hays and Mr. Smith of the Legal Division and the Dairy Section were aiding in the market developments last week.

Dubuque -- Market Administrator W. O. Perdue.

Reports for first pool filed promptly. The net pool price was \$1.46 and sales were divided in proportion of 61.8 per cent in Class 1, 22.7 per cent in Class 2, and 15.3 per cent in Class 3. The net price is the best one Dubuque area producers have had in several years. Has educated producers in country school meetings.

Evansville -- Market Administrator F. T. Flynn.

The license is in a very good position now and dealers have not as yet increased the retail price after the Class 1 price was raised from 48 cents to 53 cents.

Fall River -- Market Administrator In Charge, Mr. S. W. Tator.

Dealers' reports on time. Blended price per hundred for December 1-15 was \$3.30, Class 2 or cream price, \$1.48. Sales about the same, and market surplus about 7 per cent, percentage excess to total deliveries about 1½ per cent. Compliance Excellent.

Fort Worth - Market Administrator O. A. Jamison.

No change in situation. Class 1 price for Dec. 1-15, \$2.60; Class 2, \$1.90; and Class 3, \$1.17; blended price announced, \$2.237.

Flint and Grand Rapids -- Market Administrator L. C. Collier

No new developments reported for these markets.

Kansas City - Market Administrator Max M. Morehouse.

No general cut in resale prices but some unrest evident. Price may be lowered January 1, and rumors of impending milk price war are current. Milk supply reported to be declining a trifle.

Lincoln -- Market Administrator A. N. Heggen.

Dealers pressing for amendments to license on grounds that their margins are too narrow. Producers faced with difficult feed situation.

Los Angeles -- Market Administrator H. C. Darger.

Efforts noted by producers to create a stabilization contract arrangement to improve situation so unorganized producers will get in line. Administrator has nothing to do with proposed contract. Much price cutting evident. Able to meet financial obligations of the pool without drawing on reserves. Conditions believed a bit more settled than hitherto.

Lexington -- Market Administrator F. T. Flynn.

The interstate question disturbs the market situation. There is no outward active opposition to the license, however, but the inequalities among dealers through the pool is still a source of anxiety.

Louisville -- Market Administrator F. T. Flynn.

Price cutting fairly well eliminated. Price to producers in December will again be in excess of the stated license price. Reports heavy egg-nog consumption of cream for Christmas week.

Newport -- Market Administrator In Charge, Mr. S. W. Tator.

Class 1 sales of high class milk relatively lower because of exodus of summer trade. Compliance good on the whole.

New Bedford -- Market Administrator In Charge, Mr. S. W. Tator

Exceptionally good reports from distributors, promptly and fully. Blended price for December 1-15, \$3.30; Class 2 or cream price, \$1.40; market surplus about 10 per cent and percentage of excess to total deliveries around 5½ per cent.

Oakland -(Alameda County) -- Market Administrator C. F. Kunkel

License continues to operate well. Some evidence of holiday gains in retail sales while wholesale sales seem somewhat lower.

Omaha - Market Administrator A. N. Heggen.

No real change evident, but situation in competition is shown by fact that with a population in Council Bluffs area of 42,000, there are seven commercial distributors well able to serve the area while competing with 80 producer-distributors.

Phoenix -- Market Administrator J. S. Malone

Several reports of alleged violations checked and found false. Only one serious violator. A few violations on resale minimum prices by small producers have been corrected. The producers' association signed up new members this month and want increase in price.

Providence -- Market Administrator In Charge, Mr. S. W. Tator

A few unintentional violations remedied direct. Sales about the same. Surplus in market is 10 per cent, and excess to total deliveries is about 5 per cent. Base deliveries about 80 per cent of total allotted base.

San Francisco -- Market Administrator C. F. Kunkel.

Some concern about enforcement on part of dealers and the income for administrative purposes is a major problem.

Sioux City -- Market Administrator A. N. Heggen.

The educational effect of the license as regards the equalization pool is bringing about a good understanding between producers and dealers.

Tulsa -- Market Administrator J. B. McCroskey.

While producers agitate for higher prices for milk under the license to meet advanced feed costs, there seems to be no change as to retail prices. Dealer rebates are often discussed.

Wichita -- Market Administrator J. B. McCroskey.

Class 3 price appears too high and out of line so the dealers do not wish to receive surplus milk above base at that price. Industry has engaged in milk promotional advertising with special section in recent Sunday paper.

STATE CONTROL

This Section has been besieged with inquiries and requests for assistance from state authorities who are endeavoring to put into shape bills for the control of intra-state milk. We have been able to give the state authorities that information which we have secured over a period of time. However, we are not in a position to give advice to any state authorities.

Milk and Cream Prices for Week Ending December 28

Markets	Standard Milk Per Quart			Half Pints Cream (20 to 25 per cent)		
	Wholesale Price	Retail Store	Delivered to Homes	Whol.	Store	Del.
Bay City	8 $\frac{1}{2}$ ¢	10¢	10¢	9¢	11¢	11¢
Boston	9 $\frac{1}{2}$ ¢	11	12			
Chicago	8 $\frac{1}{2}$ ¢	10	10	11 $\frac{1}{2}$ ¢	13	13
Davenport						
Rock Island	7	8-9	8-9	10	11-13	11-13
Des Moines	6-8	8-10	10	9	8-11	11
Denver	8	9-10	9-11	9-10	10-11	12
Dubuque	7	9	9	7	9	9
Evansville	8	9	9 $\frac{1}{2}$ ¢	10 $\frac{1}{2}$ ¢	12	12
Fall River	10 $\frac{1}{2}$ ¢	12	13	8	12	10
Fort Worth	9-10 raw 10 past.	10-12 raw 11-12 past.	10-12 raw 12 past.	10	11-12	12
Flint	8 $\frac{1}{2}$ ¢	10	5-10	10	12	12
Grand Rapids	8	10	10	10 $\frac{1}{2}$ ¢	12	12
Los Angeles	9	10	12	11	13	14
Lexington	8-10	11	10-12	12	14	14
Louisville	10	11	12	12	14	14
Muskegon	8	10	10	11	13	13
Oakland	8 $\frac{1}{2}$ ¢	10	11 (1/4Pt)	6	8	9
Providence	10 $\frac{1}{2}$ ¢	12	13 (18-20%)	9	10	11
Omaha-Council						
Bluffs	8	9-10	10	8	9	10
Phoenix	7	8-10	8-10	8	10	10
Saginaw	8	10	10 (9¢ for 3 or more quarts)	10	12	12
San Francisco	8	10	12 (28%)	8	10	11
Tulsa	8	9	10	11	13	13
Wichita	7 $\frac{1}{2}$ ¢	9-10	9-10	7-8	8-10	8-10